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guide notes

Motor Fuels and Tobacco Tax Branch

Government
Publications



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Gasoline Tax Refund Rulings

III REFUND OF TAX ON GASOLINE USED IN MARINE CRAFT RENTED BY MARINAS OR TOURIST RESORT OPERATORS

Background:

Tax refunds are paid on gasoline used in unlicensed equipment operated in a business, industry or institution. The Gasoline Tax Act disallows refund of tax on gasoline consumed in a marine craft used for the recreation of its owner or operator.

Ruling:

Although in the operation of marinas and tourist resorts most marine craft are used for recreational purposes, tax refunds are allowed on fuel consumed in rented boats if the following conditions are met:

- the marina or tourist resort operator supplies the gasoline consumed in the rented boats;
- the fuel costs are included as part of the overall boat rental fee; and
- fuel costs are not billed separately on an invoice or shown as a separate item on the rental contract.

A tax refund will not be paid on gasoline used in marine craft operated by owners for their personal pleasure, or on gasoline sold to individual boat owners.

Claimants must maintain records of fuel disbursements to all motor boats, including boats under rental contracts, to support their claims. Also, records must be retained by claimants for five years for audit purposes.



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